



The City of Scottsdale, Arizona

A Report to Our Citizens - Fiscal Year 2009/10



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STRATEGIC GOALS

- Preserve Meaningful Open Space
- Enhance Neighborhoods
- Seek Sustainability
- Support Economic Vitality
- Advance Transportation
- Value Scottsdale's Unique Lifestyle and Character

Note: The 2010 Strategic Goals are the same as the major divisions of the voter-approved 2001 General Plan and are the six guiding principles developed through CityShape 2020. They are not listed in any order.

About Scottsdale

Scottsdale operates under the council manager form of government. The Mayor is W.J. "Jim" Lane and City Council members are Lisa Borowsky, Wayne Ecton, Suzanne Klapp, Robert Littlefield, Ron McCullagh, and Marg Nelssen. David E. Richert was appointed City Manager in May 2010. Other officials appointed directly by the City Council are City Attorney Bruce Washburn, City Auditor Sharron Walker, City Clerk Carolyn Jagger, City Treasurer David N. Smith and Presiding City Judge B. Monte Morgan.

Scottsdale has an estimated 243,501 residents and is the sixth largest city in Arizona. Its boundaries encompass an area approximately 184.5 square miles, stretching 31 miles from north to south. Scottsdale is 1,260 feet above sea level, and averages 328 days of sunshine and 9.41 inches of rainfall annually. The median household income is \$85,575.

Scottsdale Healthcare is the largest employer in Scottsdale with 6,650 employees, other large employers include Mayo Clinic, General Dynamics, the Scottsdale Unified School District, the City of Scottsdale, CVS CareMark and Go Daddy.

Selected Highlights

- Voters approve Transient Lodging Tax and Elections changes at March Special Election
- Audits identify \$1.4 million in savings and revenue possibilities
- Another 3,500 customers converted to automated water meters
- Over 8,500 Scottsdale youth and teens participate in recreation programs
- Appaloosa Library opens to serve north residents; library attendance up 10 percent citywide
- Bajada Nature Trail at the Preserve Gateway opens improving access to persons with disabilities
- Seven companies expanded resulting in 400 jobs and \$9.2 million in private investment
- Indian Bend bridge and Indian School road construction completed
- New police facilities to serve southern neighborhoods open at McKellips and Miller
- Scottsdale Center for the Performing Arts opens renovated facility
- Stimulus funds help improve roads and intersections and improve street light energy efficiency

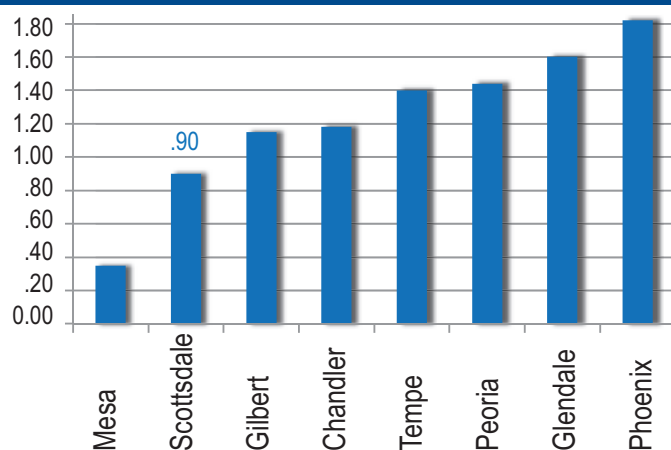
More highlights are included in the FY 2010/11 Budget available at www.ScottsdaleAZ.gov/finance



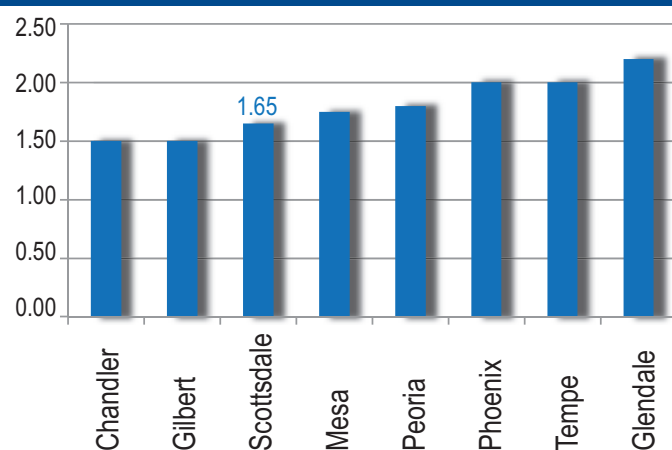
How Are We Doing—A Performance Report on Key Missions and Service

| Scottsdale Statistics Fiscal Year End | FY 2005/06 | FY 2006/07 | FY 2007/08 | FY 2008/09 | FY 2009/10 |
|--|------------|------------|------------|------------|------------|
| Population Estimate | 226,390 | 238,270 | 240,126 | 242,337 | 243,501 |
| City Employees (Full-time equivalents) | 2,598 | 2,722 | 2,798 | 2,754 | 2,538 |
| Annual attendance at Parks & Recreation facilities, Human Services facilities and Libraries | 7,877,216 | 7,838,000 | 7,940,283 | 8,747,495 | 8,634,522 |
| Charges adjudicated (resolved) by the City Court | 132,096 | 216,000 | 219,980 | 137,887 | 113,382 |
| New code enforcement cases processed per year | 13,137 | 16,900 | 15,570 | 20,568 | 16,452 |
| Responses by the Fire Department to calls for emergency services | 23,952 | 22,894 | 22,936 | 23,953 | 23,996 |
| Average response time by the Fire Department to urban emergency calls for service (in minutes) | 4:20 | 4:15 | 4:21 | 4:23 | 4:28 |
| Drinking water supplied (million gallons per day) | 73.1 | 72.1 | 73.7 | 69.4 | 68.4 |
| Homes serviced by residential refuse collection | 76,300 | 77,206 | 78,024 | 78,607 | 79,006 |
| Total crimes per thousand (Scottsdale Uniform Crime Report, Part 1) | 34.9 | 37.1 | 35.6 | 34.3 | 29.6 |
| Average response time by the Police Department to emergency calls for service (in minutes) | | 6:06 | 5:07 | 5:07 | 5:01 |

Property Tax Rate per \$100 assessed value*



Local Retail Sales Tax Rate*



* as of July 1, 2010

Additional performance measures are available in the FY 2010/11 Budget and the FY 2009/10 Comprehensive Annual Financial Report



What are the General Fund costs for running the City of Scottsdale and how were those costs paid for?

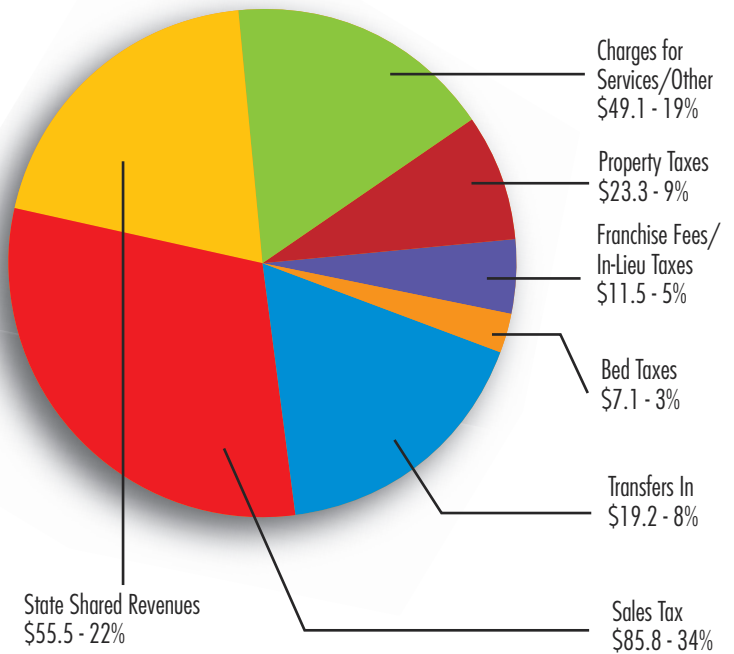
The General Fund is the primary operating fund of the City. It exists to account for the resources used to pay for the services traditionally associated with local government. Included are police and fire protection, parks and recreation, planning and economic development, general administration of the City and any other activity for which a special fund has not been created.

Revenue by Source (in millions)

| | FY 08/09 | FY 09/10 |
|------------------------------|----------------|----------------|
| | ACTUAL | ACTUAL |
| Sales Tax | \$95.7 | \$85.8 |
| State Shared Revenues | 62.2 | 55.5 |
| Charges for Services/Other | 50.1 | 49.1 |
| Property Taxes | 22.6 | 23.3 |
| Franchise Fees/In-Lieu Taxes | 11.5 | 11.5 |
| Bed Taxes* | 1.5 | 7.1 |
| Transfers In | 28.5 | 19.2 |
| Total Sources | \$272.1 | \$251.5 |

*Reflects a change in allocation, not an increase in revenue

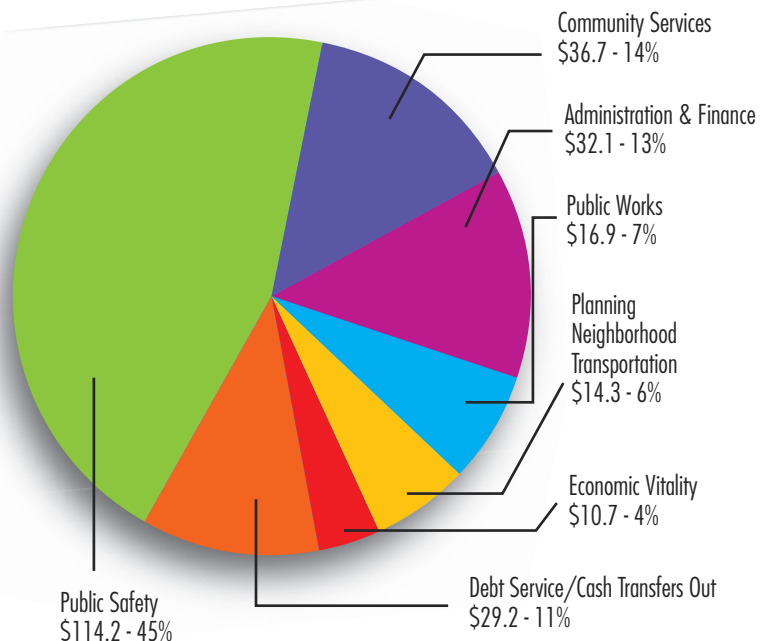
Primary Sources of General Fund FY 2009/10



Expense by Use (in millions)

| | FY 08/09 | FY 09/10 |
|---------------------------------|----------------|----------------|
| | ACTUAL | ACTUAL |
| Public Safety | \$124.8 | \$114.2 |
| Community Services | 43.4 | 36.7 |
| Administration & Finance | 35.1 | 32.1 |
| Public Works | 17.7 | 16.9 |
| Planning, Neighborhood, Trans. | 22.3 | 14.3 |
| Economic Vitality | 9.4 | 10.7 |
| Debt Service/Cash Transfers Out | 21.9 | 29.2 |
| Total Uses | \$274.7 | \$254.1 |
| Ending Fund Balance | \$ 41.6 | \$ 39.0 |

Primary Uses of General Fund FY 2009/10



The City's financial statements are audited annually by an independent auditor. Complete financial information can be found on our website at www.ScottsdaleAZ.gov/finance.



CHALLENGES MOVING FORWARD

Unless the economy rebounds quickly, there will be a budget deficit to close for FY 2011/12. At time of budget adoption, this gap was estimated at \$28.4 million. Resolving next year's budget gap requires a combination of both good budget management in the current year and implementing - as soon as practical - a series of changes in services and structures that will result in savings for next year and beyond.

From a management perspective this effort is focused on these goals moving forward:

1. Continue to provide high priority services, at a high level of quality, at the lowest practical cost.
2. Consider reducing costs, raising revenues, or eliminating low priority services.
3. Involve impacted customers and employees in the process - before recommendations are made.
4. Retain our high-quality, committed workforce of experienced employees.

We are interested if you have comments or suggestions regarding how we can lower costs or improve services. In addition, please let us know if you like this report, or if there is any other information you would like to see included next year. Please contact the City Manager's Office to provide your comments.

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What are our priorities for FY 2010/11?

PRESERVE MEANINGFUL OPEN SPACE

- Acquire 2,000-acre Preserve parcel from Arizona State Land Department (ASLD)
- Update the Preserve Strategic Acquisition Plan including funding, land values, priorities, options, etc.
- Finalize agreement with ASLD regarding trail maintenance and operations for the northern Preserve
- Explore Scottsdale participation in Papago Park, including possible annexation of Barnes Butte area
- Start construction of Troon North Park

ENHANCE NEIGHBORHOODS

- Complete construction of Cactus Acres Fire Station 8 (Cactus Rd. & 96th Street) and Eldorado Park Fire Station 1 (Miller & McDowell Roads) to enhance response-time performance and service delivery to those neighborhoods
- Secure site for Desert Foothills Fire Station 13 to improve services provided in area
- Continue efforts to reduce property crimes and crimes against persons
- Provide options for noise mitigation, including consideration of a noise ordinance
- Develop and implement neighborhood planning program as a complement to the General Plan

SEEK SUSTAINABILITY

- Prepare, consider and approve balanced budget for FY 2011/12
- Enhance Water Conservation and Wastewater Pretreatment programs
- Expand the use of alternative and renewable fuels in City facilities and fleet operations

SUPPORT ECONOMIC VITALITY

- Complete the planning and design phase for the Desert Discovery Center
- Implement bed tax increase and associated changes in funding allocations
- Create local resident destination marketing program (include Preserve, WestWorld, TPC, Giants, etc.)
- Consider and begin implementation of Downtown and McDowell Road Task Force recommendations
- Implement business visitation program to aid in retention and expansion of existing businesses
- Complete comprehensive citywide economic analysis, and assess economic development programs

ADVANCE TRANSPORTATION

- Award and construct improvements to Pima Road from Thompson Peak to Pinnacle Peak
- Complete in house Design Concept Report for the Airpark Ring Road, and Phase II Design RFP
- Make substantial progress on ARRA funded projects (Goldwater underpass, Crosscut Canal trail, etc.)
- Construction underway on Scottsdale/McDowell Transit Center

VALUE SCOTTSDALE'S UNIQUE LIFESTYLE AND CHARACTER

- Work with Working Group to review and seek public input on the 2011 General Plan Update
- Process major general plan amendments or Greater Airpark and Southern Scottsdale area plans
- Complete design and construction of Soleri bridge project
- Construction underway on Scottsdale Road Streetscape

*More priorities are available in the FY 2010/11 Budget at
www.ScottsdaleAZ.gov/finance*